

**PROPOSED AMENDMENT TO OMNIBUS  
APPROPRIATIONS CONFERENCE REPORT**

1       At the appropriate place, insert the following:

2               **DIVISION \_\_\_\_\_—TOBACCO**

3   **SEC. \_\_\_\_ 1. SHORT TITLE; TABLE OF CONTENTS.**

4       (a) SHORT TITLE.—This division may be cited as the  
5   “Tobacco Market Transition Act of 2003”.

6       (b) TABLE OF CONTENTS.—The table of contents for  
7   this division is as follows:

Sec. 1. Short title; table of contents.

TITLE I—TERMINATION OF CURRENT TOBACCO PROGRAMS

Sec. 101. Termination of tobacco production adjustment programs.

Sec. 102. Termination of tobacco price support program.

Sec. 103. Liability.

TITLE II—TOBACCO ASSISTANCE

Sec. 201. Tobacco assistance.

“Subtitle E—Tobacco Assistance

“Sec. 380A. Definitions.

“CHAPTER 1—PAYMENTS TO TOBACCO QUOTA HOLDERS AND TRADITIONAL  
PRODUCERS

“Sec. 380B. Transition payments to tobacco quota holders.

“Sec. 380C. Direct payments to traditional producers of tobacco.

“Sec. 380D. Administration.

“CHAPTER 2—TOBACCO QUALITY AND QUANTITY

“Sec. 380G. Tobacco Quality Board.

“Sec. 380H. Production Boards.

“Sec. 380I. Tobacco production limitation programs.

“CHAPTER 3—TOBACCO COMMUNITY ECONOMIC DEVELOPMENT GRANTS

“Sec. 380O. Tobacco community economic development grants.

“CHAPTER 4—COMPETITIVE GRANTS FOR TOBACCO RESEARCH

“Sec. 380Q. Competitive grants for tobacco research.

“CHAPTER 5—FUNDING

“Sec. 380S. Tobacco Trust Fund.

“Sec. 380T. Assessments.

“Sec. 380U. Commodity Credit Corporation.

“Sec. 380V. Transition provisions.

Sec. 202. Tobacco insurance research and development.

Sec. 203. Conforming amendments.

#### TITLE III—IMPLEMENTATION

Sec. 301. Regulations.

Sec. 302. Effective date.

## 1       **TITLE I—TERMINATION OF** 2       **CURRENT TOBACCO PROGRAMS**

### 3       **SEC. 101. TERMINATION OF TOBACCO PRODUCTION AD-** 4       **JUSTMENT PROGRAMS.**

5       (a) TOBACCO STATISTICS.—The Act of January 14,  
6       1929 (45 Stat. 1079; 7 U.S.C. 501 et seq.) is repealed.

7       (b) TOBACCO STANDARDS.—The Tobacco Inspection  
8       Act (7 U.S.C. 511 et seq.) is repealed.

9       (c) TOBACCO INSPECTIONS.—Section 213 of the To-  
10      bacco Adjustment Act of 1983 (7 U.S.C. 511r) is repealed.

11      (d) TOBACCO CONTROL.—The Act of April 25, 1936  
12      (commonly known as the Tobacco Control Act; 7 U.S.C.  
13      515 et seq.), is repealed.

14      (e) COMMODITY HANDLING ORDERS.—Section  
15      8c(2)(A) of the Agricultural Adjustment Act (7 U.S.C.  
16      608c(2)(A)), reenacted with amendments by the Agricul-  
17      tural Marketing Agreement Act of 1937, is amended by  
18      striking “tobacco,”.

19      (f) PROCESSING TAX.—Section 9(b) of the Agricul-  
20      tural Adjustment Act (7 U.S.C. 609(b)), reenacted with

1 amendments by the Agricultural Marketing Agreement  
2 Act of 1937, is amended—

3 (1) in paragraph (2), by striking “tobacco,”;  
4 and

5 (2) in paragraph (6)B)(i), by striking “, or, in  
6 the case of tobacco, is less than the fair exchange  
7 value by not more than 10 per centum,”.

8 (g) BURLEY TOBACCO IMPORT REVIEW.—Section 3  
9 of Public Law 98–59 (7 U.S.C. 625) is repealed.

10 (h) DECLARATION OF POLICY.—Section 2 of the Ag-  
11 ricultural Adjustment Act of 1938 (7 U.S.C. 1282) is  
12 amended by striking “tobacco,”.

13 (i) DEFINITIONS.—Section 301(b) of the Agricultural  
14 Adjustment Act of 1938 (7 U.S.C. 1301(b)) is amended—

15 (1) in paragraph (3)—

16 (A) by striking subparagraph (C); and

17 (B) by redesignating subparagraph (D) as  
18 subparagraph (C);

19 (2) in paragraph (6)(A), by striking “tobacco,”;

20 (3) in paragraph (10)—

21 (A) by striking subparagraph (B); and

22 (B) by redesignating subparagraph (C) as  
23 subparagraph (B);

24 (4) in paragraph (11)(B), by striking “and to-  
25 bacco”;

1 (5) in paragraph (12), by striking “tobacco,”;

2 (6) in paragraph (14)—

3 (A) in subparagraph (A), by striking

4 “(A)”; and

5 (B) by striking subparagraphs (B), (C),

6 and (D);

7 (7) by striking paragraph (15);

8 (8) in paragraph (16)—

9 (A) by striking subparagraph (B); and

10 (B) by redesignating subparagraph (C) as

11 subparagraph (B);

12 (9) by striking paragraph (17); and

13 (10) by redesignating paragraph (16) as para-

14 graph (15).

15 (j) PARITY PAYMENTS.—Section 303 of the Agricul-

16 tural Adjustment Act of 1938 (7 U.S.C. 1303) is amended

17 in the first sentence by striking “rice, or tobacco,” and

18 inserting “or rice,”.

19 (k) MARKETING QUOTAS.—Part I of subtitle B of

20 title III of the Agricultural Adjustment Act of 1938 (7

21 U.S.C. 1311 et seq.) is repealed.

22 (l) ADMINISTRATIVE PROVISIONS.—Section 361 of

23 the Agricultural Adjustment Act of 1938 (7 U.S.C. 1361)

24 is amended by striking “tobacco,”.

1 (m) ADJUSTMENT OF QUOTAS.—Section 371 of the  
2 Agricultural Adjustment Act of 1938 (7 U.S.C. 1371) is  
3 amended—

4 (1) in the first sentence of subsection (a), by  
5 striking “rice, or tobacco” and inserting “or rice”;  
6 and

7 (2) in the first sentence of subsection (b), by  
8 striking “rice, or tobacco” and inserting “or rice”.

9 (n) REPORTS AND RECORDS.—Section 373 of the Ag-  
10 ricultural Adjustment Act of 1938 (7 U.S.C. 1373) is  
11 amended—

12 (1) by striking “rice, or tobacco” each place it  
13 appears in subsections (a) and (b) and inserting “or  
14 rice”; and

15 (2) in subsection (a)—

16 (A) in the first sentence, by striking “all  
17 persons engaged in the business of redrying,  
18 prizing, or stemming tobacco for producers,”;  
19 and

20 (B) in the last sentence, by striking  
21 “\$500;” and all that follows through the period  
22 at the end of the sentence and inserting  
23 “\$500.”.

24 (o) REGULATIONS.—Section 375 of the Agricultural  
25 Adjustment Act of 1938 (7 U.S.C. 1375) is amended—

1 (1) in subsection (a), by striking “peanuts, or  
2 tobacco” and inserting “or peanuts”; and

3 (2) by striking subsection (c).

4 (p) EMINENT DOMAIN.—Section 378 of the Agricul-  
5 tural Adjustment Act of 1938 (7 U.S.C. 1378) is  
6 amended—

7 (1) in the first sentence of subsection (c), by  
8 striking “cotton, and tobacco” and inserting “and  
9 cotton”; and

10 (2) by striking subsections (d), (e), and (f).

11 (q) BURLEY TOBACCO FARM RECONSTITUTION.—  
12 Section 379 of the Agricultural Adjustment Act of 1938  
13 (7 U.S.C. 1379) is amended—

14 (1) in subsection (a)—

15 (A) by striking “(a)”; and

16 (B) in paragraph (6), by striking “, but  
17 this clause (6) shall not be applicable in the  
18 case of burley tobacco”; and

19 (2) by striking subsections (b) and (c).

20 (r) ACREAGE-POUNDAGE QUOTAS.—Section 4 of the  
21 Act of April 16, 1955 (Public Law 89–12; 7 U.S.C. 1314c  
22 note), is repealed.

23 (s) BURLEY TOBACCO ACREAGE ALLOTMENTS.—The  
24 Act of July 12, 1952 (7 U.S.C. 1315), is repealed.

1 (t) TRANSFER OF ALLOTMENTS.—Section 703 of the  
2 Food and Agriculture Act of 1965 (7 U.S.C. 1316) is re-  
3 pealed.

4 (u) ADVANCE RECOURSE LOANS.—Section  
5 13(a)(2)(B) of the Food Security Improvements Act of  
6 1986 (7 U.S.C. 1433c–1(a)(2)(B)) is amended by striking  
7 “tobacco and”.

8 (v) TOBACCO FIELD MEASUREMENT.—Section 1112  
9 of the Omnibus Budget Reconciliation Act of 1987 (Public  
10 Law 100–203) is amended by striking subsection (c).

11 **SEC. 102. TERMINATION OF TOBACCO PRICE SUPPORT**  
12 **PROGRAM.**

13 (a) PARITY PRICE SUPPORT.—Section 101 of the Ag-  
14 ricultural Act of 1949 (7 U.S.C. 1441) is amended—

15 (1) in the first sentence of subsection (a), by  
16 striking “tobacco (except as otherwise provided here-  
17 in), corn,” and inserting “corn”;

18 (2) by striking subsections (c), (g), (h), and (i);

19 (3) in subsection (d)(3)—

20 (A) by striking “, except tobacco,”; and

21 (B) by striking “and no price support shall  
22 be made available for any crop of tobacco for  
23 which marketing quotas have been disapproved  
24 by producers;”; and

1           (4) by redesignating subsections (d) and (e) as  
2       subsections (c) and (d), respectively.

3       (b) TERMINATION OF TOBACCO PRICE SUPPORT AND  
4 NO NET COST PROVISIONS.—Sections 106, 106A, and  
5 106B of the Agricultural Act of 1949 (7 U.S.C. 1445,  
6 1445–1, 1445–2) are repealed.

7       (c) DEFINITION OF BASIC AGRICULTURAL COM-  
8 MODITY.—Section 408(c) of the Agricultural Act of 1949  
9 (7 U.S.C. 1428(c)) is amended by striking “tobacco,”.

10       (d) REVIEW OF BURLEY TOBACCO IMPORTS.—Sec-  
11 tion 3 of Public Law 98–59 (7 U.S.C. 625) is repealed.

12       (e) POWERS OF COMMODITY CREDIT CORPORA-  
13 TION.—Section 5 of the Commodity Credit Corporation  
14 Charter Act (15 U.S.C. 714c) is amended by inserting  
15 “(other than tobacco)” after “agricultural commodities”  
16 each place it appears.

17 **SEC. 103. LIABILITY.**

18       This title and the amendments made by this title  
19 shall not affect the liability of any person under any provi-  
20 sion of law with respect to any crop of tobacco planted  
21 before the effective date prescribed in section 402.



1 **TITLE II—TOBACCO ASSISTANCE**

2 **SEC. 201. TOBACCO ASSISTANCE.**

3 Title III of the Agricultural Adjustment Act of 1938  
4 is amended by inserting after subtitle D (7 U.S.C. 1379a  
5 et seq.) the following:

6 **“Subtitle E—Tobacco Assistance**

7 **“SEC. 380A. DEFINITIONS.**

8 “In this subtitle:

9 “(1) ACTIVE PRODUCER OF TOBACCO.—The  
10 term ‘active producer of tobacco’ means a person  
11 that—

12 “(A) is actively engaged in the production  
13 of tobacco marketed or considered planted; and

14 “(B) shares in the risk of producing the  
15 tobacco.

16 “(2) APPLICABLE FISCAL YEAR.—The term ‘ap-  
17 plicable fiscal year’ means each of fiscal years 2004  
18 through 2013.

19 “(3) BASE PERIOD.—The term ‘base period’  
20 means the 1-year period ending the June 30 pre-  
21 ceding each applicable fiscal year.

22 “(4) CONSIDERED PLANTED.—The term ‘con-  
23 sidered planted’ means tobacco planted but failed to  
24 be produced as a result of a natural disaster, as de-  
25 termined by the Secretary.

1           “(5) DEPARTMENT.—The term ‘Department’  
2 means the Department of Agriculture.

3           “(6) ELIGIBLE STATE.—The term ‘eligible  
4 State’ means—

5               “(A) in the case of section 380O, each of  
6 the States of Maryland, Pennsylvania, and  
7 South Carolina; and

8               “(B) in the case of section 380Q, each of  
9 the States of Alabama, Arkansas, Florida,  
10 Georgia, Indiana, Kansas, Kentucky, Min-  
11 nesota, Missouri, North Carolina, Ohio, Okla-  
12 homa, South Carolina, Tennessee, Virginia,  
13 West Virginia, and Wisconsin.

14           “(7) IMPACTED COMMUNITY.—The term ‘im-  
15 pacted community’ means a community in an eligible  
16 State that is adversely affected by a reduction in  
17 gross receipts from the sale of tobacco.

18           “(8) MARKET SHARE.—The term ‘market  
19 share’ means the share of each manufacturer or im-  
20 porter of a class of tobacco product (expressed as a  
21 decimal to the fourth place) of the total volume of  
22 domestic sales of the class of tobacco product during  
23 the base period for the applicable fiscal year for an  
24 assessment under section 380T.

1           “(9) PRODUCTION BOARD.—The term ‘Produc-  
2           tion Board’ means a Production Board established  
3           for a kind of tobacco under section 380H.

4           “(10) QUOTA TOBACCO.—The term ‘quota to-  
5           bacco’ means a kind of tobacco that is subject to a  
6           farm marketing quota or farm acreage allotment for  
7           the 2002 tobacco marketing years under a mar-  
8           keting quota or allotment program established under  
9           part I of subtitle B (as in effect before the effective  
10          date of this subtitle).

11          “(11) TOBACCO.—The term ‘tobacco’ means  
12          each of the following kinds of tobacco:

13               “(A) Flue-cured tobacco, comprising types  
14               11, 12, 13, and 14.

15               “(B) Fire-cured tobacco, comprising types  
16               22 and 23.

17               “(C) Dark air-cured tobacco, comprising  
18               types 35 and 36.

19               “(D) Virginia sun-cured tobacco, com-  
20               prising type 37.

21               “(E) Virginia fire-cured tobacco, com-  
22               prising type 21.

23               “(F) Burley tobacco, comprising type 31.

24               “(G) Cigar-filler and cigar-binder tobacco,  
25               comprising types 42, 43, 44, 53, 54, and 55.

1           “(12) TOBACCO QUALITY BOARD.—The term  
2           ‘Tobacco Quality Board’ means the Tobacco Quality  
3           Board established under section 380G.

4           “(13) TOBACCO QUOTA HOLDER.—The term  
5           ‘tobacco quota holder’ means a person that is con-  
6           sidered an tobacco quota holder under section  
7           380B(b).

8           “(14) TOBACCO TRUST FUND.—The term ‘To-  
9           bacco Trust Fund’ means the Tobacco Trust Fund  
10          established under section 380S.

11          “(15) TRADITIONAL PRODUCER OF TOBACCO.—  
12          The term ‘traditional producer of tobacco’ means a  
13          person that, for at least 1 of the 2000, 2001, or  
14          2002 tobacco marketing years—

15               “(A) was actively engaged in the produc-  
16               tion of tobacco marketed, or considered planted,  
17               under a marketing quota established under part  
18               I of subtitle B (as in effect before the effective  
19               date of this subtitle); and

20               “(B) shared in the risk of producing the  
21               tobacco.

22          “(16) TRADITIONAL TOBACCO COUNTY.—

23               “(A) IN GENERAL.—The term ‘traditional  
24               tobacco county’ means a county in the United  
25               States that had 1 or more farms operated by

1 traditional producers of tobacco under a mar-  
2 keting quota for at least 1 of the marketing  
3 years described in paragraph (15).

4 “(B) INCLUSION.—For the purpose of de-  
5 termining the crop acreage base of an active  
6 producer of tobacco for a kind of tobacco pro-  
7 duced in the State of Georgia under section  
8 380I(c)(3), the term ‘traditional tobacco coun-  
9 ty’ includes a county that is contiguous to a  
10 county described in subparagraph (A).

11 **“CHAPTER 1—PAYMENTS TO TOBACCO**  
12 **QUOTA HOLDERS AND TRADITIONAL**  
13 **PRODUCERS**

14 **“SEC. 380B. TRANSITION PAYMENTS TO TOBACCO QUOTA**  
15 **HOLDERS.**

16 “(a) IN GENERAL.—The Secretary shall make transi-  
17 tion payments to each tobacco quota holder.

18 “(b) TOBACCO QUOTA HOLDER.—

19 “(1) IN GENERAL.—Except as otherwise pro-  
20 vided in this subsection, the Secretary shall consider  
21 a person to be a tobacco quota holder under this sec-  
22 tion if the person held, as of July 1, 2002, a basic  
23 quota or farm acreage allotment (as applicable) for  
24 quota tobacco established for the 2002 tobacco mar-  
25 keting year under a marketing quota program estab-

1 lished under part I of subtitle B (as in effect before  
2 the effective date of this subtitle).

3 “(2) EFFECT OF PURCHASE CONTRACT.—If  
4 there was an agreement for the purchase of all or  
5 part of a farm described in paragraph (1) as of July  
6 1, 2002, and the parties to the sale are unable to  
7 agree to the disposition of eligibility for payments  
8 under this section, the Secretary, taking into ac-  
9 count any transfer of quota that has been agreed to,  
10 shall provide for the equitable division of the pay-  
11 ments among the parties by adjusting the deter-  
12 mination of who is the tobacco quota holder with re-  
13 spect to particular pounds of the quota.

14 “(3) EFFECT OF AGREEMENT FOR PERMANENT  
15 QUOTA TRANSFER.—If the Secretary determines  
16 that there was in existence, as of July 1, 2002, an  
17 agreement for the permanent transfer of quota, but  
18 that the transfer was not completed by that date,  
19 the Secretary shall consider the tobacco quota holder  
20 to be the party to the agreement that, as of that  
21 date, was the owner of the farm to which the quota  
22 was to be transferred.

23 “(4) PROTECTED BASES.—A person that owns  
24 a farm with a tobacco poundage quota that is pro-  
25 tected under a conservation reserve program con-

1       tract entered into under section 1231 of the Food  
2       Security Act of 1985 (16 U.S.C. 3831) shall be con-  
3       sidered to be a tobacco quota holder with respect to  
4       the protected poundage.

5               “(5) QUANTITY OF QUOTA HELD.—

6               “(A) IN GENERAL.—A person shall be con-  
7       sidered a tobacco quota holder for purposes of  
8       this section only with respect to that quantity  
9       of quota that qualifies the person as a tobacco  
10      quota holder.

11              “(B) INCLUDED QUOTA.—The determina-  
12      tion of the tobacco poundage amount for which  
13      the person qualifies shall—

14              “(i) be based on the quantity of quota  
15      held by person on January 1, 2004;

16              “(ii) subject to clause (iii), not be  
17      greater than the quantity of quota held by  
18      the person for the 2002 crop; and

19              “(iii) take into account—

20              “(I) sales of quota that occurred  
21      during the period beginning July 1,  
22      2002, and ending December 31, 2004;  
23      and

24              “(II) any transfers of quota that  
25      took place after July 1, 2002.

1 “(c) APPLICATION.—

2 “(1) IN GENERAL.—To be eligible to receive a  
3 payment under this section, a person shall submit to  
4 the Secretary an application containing such infor-  
5 mation as the Secretary may require to demonstrate  
6 to the satisfaction of the Secretary that the person  
7 is a tobacco quota holder.

8 “(2) ADMINISTRATION.—The application shall  
9 be submitted within such time, in such form, and in  
10 such manner as the Secretary may require.

11 “(d) BASE QUOTA LEVEL.—

12 “(1) IN GENERAL.—The Secretary shall estab-  
13 lish a base quota level applicable to each tobacco  
14 quota holder, as determined under this subsection.

15 “(2) LEVEL.—The base quota level for each to-  
16 bacco quota holder shall be equal to the quantity of  
17 quota that qualifies a person as the tobacco quota  
18 holder under subsection (b)(5).

19 “(e) PAYMENT.—The Secretary shall make payments  
20 to each tobacco quota holder under subsection (b) in an  
21 amount obtained by multiplying—

22 “(1) 80 cents per pound for each of fiscal years  
23 2004 through 2013; by

24 “(2) the base quota level established for the  
25 quota holder under subsection (d).



1 “(f) TIME FOR PAYMENT.—Subject to section  
2 380D(c), the payments to tobacco quota holders required  
3 under this section shall be made by, to the maximum ex-  
4 tent practicable, the date that is 180 days after the date  
5 of enactment of this subtitle and each November 1 there-  
6 after.

7 **“SEC. 380C. DIRECT PAYMENTS TO TRADITIONAL PRO-**  
8 **DUCERS OF TOBACCO.**

9 “(a) IN GENERAL.—The Secretary shall make direct  
10 payments under this section to traditional producers of to-  
11 bacco.

12 “(b) ELIGIBILITY.—

13 “(1) IN GENERAL.—To be eligible to receive a  
14 payment under this section, a person shall submit to  
15 the Secretary an application containing such infor-  
16 mation as the Secretary may require to demonstrate  
17 to the satisfaction of the Secretary that the person  
18 is a traditional producer of tobacco.

19 “(2) ADMINISTRATION.—The application shall  
20 be submitted within such time, in such form, and in  
21 such manner as the Secretary may require.

22 “(c) BASE QUOTA LEVEL.—

23 “(1) IN GENERAL.—The Secretary shall estab-  
24 lish a base quota level applicable to each traditional

1 producer of tobacco, as determined under this sub-  
2 section.

3 “(2) FLUE-CURED AND BURLEY TOBACCO.—In  
4 the case of Flue-cured tobacco (types 11, 12, 13,  
5 and 14) and Burley tobacco (type 31), the base  
6 quota level for each tobacco quota holder shall be  
7 equal to the effective tobacco marketing quota (irre-  
8 spective of disaster lease and transfers) under part  
9 I of subtitle B (as in effect before the effective date  
10 of this subtitle) for the 2002 marketing year for  
11 quota tobacco produced on the farm.

12 “(3) OTHER KINDS OF TOBACCO.—In the case  
13 of each kind of tobacco other than Flue-cured to-  
14 bacco (types 11, 12, 13, and 14) and Burley tobacco  
15 (type 31), for the purpose of calculating a payment  
16 to a traditional producer of tobacco, the base quota  
17 level for the traditional producer of tobacco shall be  
18 the quantity obtained by multiplying—

19 “(A) the basic tobacco farm acreage allot-  
20 ment for the 2002 marketing year established  
21 by the Secretary for quota tobacco produced on  
22 the farm; by

23 “(B) the actual yield of the crop of quota  
24 tobacco produced on the farm.

25 “(d) PAYMENT.—

1           “(1) IN GENERAL.—Subject to paragraph (2),  
2           the Secretary shall make payments to each tradi-  
3           tional producer of tobacco, as determined under sub-  
4           section (b), in an amount obtained by multiplying—

5                   “(A) 40 cents per pound for each of fiscal  
6           years 2004 through 2013; by

7                   “(B) the base quota level established for  
8           the traditional producer of tobacco under sub-  
9           section (c).

10           “(2) PAYMENT RATE.—The rate for payments  
11           to a traditional producer of quota tobacco under  
12           paragraph (1)(A) shall be equal to—

13                   “(A) in the case of a person that produced  
14           quota tobacco marketed, or considered planted,  
15           under a marketing quota for all 3 of the 2000,  
16           2001, and 2002 tobacco marketing years, the  
17           rate prescribed under paragraph (1)(A) for the  
18           applicable fiscal year;

19                   “(B) in the case of a person that produced  
20           quota tobacco marketed, or considered planted,  
21           under a marketing quota for not more than 2  
22           of the 2000, 2001, and 2002 tobacco marketing  
23           years,  $\frac{2}{3}$  of the rate prescribed under para-  
24           graph (1)(A) for the applicable fiscal year; and

1           “(C) in the case of a person that produced  
2           quota tobacco marketed, or considered planted,  
3           under a marketing quota for not more than 1  
4           of the 2000, 2001, and 2002 tobacco marketing  
5           years,  $\frac{1}{3}$  of the rate prescribed under para-  
6           graph (1)(A) for the applicable fiscal year.

7           “(e) TIME FOR PAYMENT.—Subject to section  
8   380D(c), the payments to traditional producers of tobacco  
9   required under this section shall be made by, to the max-  
10   imum extent practicable, the date that is 180 days after  
11   the date of enactment of this subtitle and each November  
12   1 thereafter.

13   **“SEC. 380D. ADMINISTRATION.**

14           “(a) RESOLUTION OF DISPUTES.—

15           “(1) IN GENERAL.—Any dispute regarding the  
16           eligibility of a person to receive a payment under  
17           this subtitle, or the amount of the payment, may be  
18           appealed to the county committee established under  
19           section 8 of the Soil Conservation and Domestic Al-  
20           lotment Act (16 U.S.C. 590h) for the county or  
21           other area in which the farming operation of the  
22           person is located.

23           “(2) NATIONAL APPEALS DIVISION.—Any ad-  
24           verse determination of a county committee under  
25           subsection (a) may be appealed to the National Ap-

1       peals Division established under subtitle H of the  
2       Department of Agriculture Reorganization Act of  
3       1994 (7 U.S.C. 6991 et seq.).

4       “(b) USE OF QUALIFIED FINANCIAL INSTITU-  
5       TIONS.—The Secretary may use qualified financial institu-  
6       tions to manage assets, make payments, and otherwise  
7       carry out this subtitle.

8       “(c) ADVANCED PAYMENTS.—

9               “(1) IN GENERAL.—The Secretary shall permit  
10       a tobacco quota holder and a traditional producer of  
11       tobacco to elect to receive advanced payments for 2  
12       or more fiscal years under this chapter by selecting  
13       1 of 4 advance payment options established by the  
14       Secretary, including a lump sum payment option.

15              “(2) RISK.—A tobacco quota holder or tradi-  
16       tional producer of tobacco that elects to receive ac-  
17       celerated payments shall bear the expense of the dis-  
18       count in value for acceleration of the payments.

19              “(3) QUALIFIED FINANCIAL INSTITUTIONS.—

20               “(A) IN GENERAL.—The Secretary shall  
21       provide advanced payments under this sub-  
22       section through 1 or more qualified financial in-  
23       stitutions designated by the Secretary.

24               “(B) ADMINISTRATION.—In providing ad-  
25       vanced payments under this subsection, a quali-

1           fied financial institution shall (in accordance  
2           with guidance issued by the Secretary)—

3                   “(i) offer the advanced payments re-  
4                   gardless of the location or size of the pay-  
5                   ments;

6                   “(ii) apply updated discount rates  
7                   that vary only by payment term; and

8                   “(iii) distribute the advanced pay-  
9                   ments in accordance with the option elect-  
10                  ed by the tobacco quota holder or tradi-  
11                  tional producer of tobacco.

12               “(4) COUNTY OFFICES.—A county office of the  
13               Department may receive applications and other doc-  
14               umentation necessary to receive advanced payments  
15               under this subsection, on behalf of the Secretary and  
16               qualified financial institutions.

17               “(d) TREATMENT OF PAYMENTS.—Payments re-  
18               ceived by a tobacco quota holder or traditional producer  
19               of tobacco under this chapter shall be considered received  
20               not earlier than the date the tobacco quota holder or tradi-  
21               tional producer of tobacco first receives the payments.

1       **“CHAPTER 2—TOBACCO QUALITY AND**  
2                               **QUANTITY**

3       **“SEC. 380G. TOBACCO QUALITY BOARD.**

4               “(a) IN GENERAL.—The Secretary shall establish a  
5 permanent advisory board within the Department, to be  
6 known as the ‘Tobacco Quality Board’.

7               “(b) MEMBERSHIP.—

8                       “(1) IN GENERAL.—The Tobacco Quality  
9 Board shall consist of 13 members, of which—

10                               “(A) 5 members shall be appointed by the  
11 Secretary from nominations submitted by rep-  
12 resentatives of tobacco producers in the United  
13 States, including at least—

14                                       “(i) 1 representative of Flue-cured to-  
15 bacco producers;

16                                       “(ii) 1 representative of Burley to-  
17 bacco producers; and

18                                       “(iii) 1 representative of dark fire-  
19 cured tobacco producers;

20                               “(B) 5 members shall be appointed by the  
21 Secretary from nominations submitted by rep-  
22 resentatives of tobacco product manufacturers  
23 in the United States, including at least—

24                                       “(i) 1 representative of smokeless to-  
25 bacco product manufacturers; and

1                   “(ii) 1 representative of export dealers  
2                   of tobacco; and

3                   “(C) 3 at-large members shall be ap-  
4                   pointed by the Secretary, including at least 1  
5                   officer or employee of the Department.

6                   “(2) CHAIRPERSON.—The Secretary shall ap-  
7                   point the chairperson of the Tobacco Quality Board,  
8                   with a different member serving as chairperson of  
9                   the Tobacco Quality Board each term.

10                  “(3) TERMS.—Each member of the Tobacco  
11                  Quality Board shall serve for 2-year terms, except  
12                  that the terms of the members first appointed to the  
13                  Tobacco Quality Board shall be staggered so as to  
14                  establish a rotating membership of the Tobacco  
15                  Quality Board, as determined by the Secretary.

16                  “(c) DUTIES.—The Tobacco Quality Board shall—

17                         “(1) determine and describe the physical char-  
18                         acteristics of tobacco produced in the United States  
19                         and unmanufactured tobacco imported into the  
20                         United States;

21                         “(2) assemble and evaluate, in a systematic  
22                         manner, concerns and problems with the quality of  
23                         tobacco produced in the United States, expressed by  
24                         domestic and foreign buyers and manufacturers of  
25                         tobacco products;



1           “(3) review data collected by Federal agencies  
2           on the physical and chemical integrity of tobacco  
3           produced in the United States and unmanufactured  
4           tobacco imported into the United States, to ensure  
5           that tobacco being used in domestically-manufac-  
6           tured tobacco products is of the highest quality and  
7           is free from prohibited physical and chemical agents;

8           “(4) investigate and communicate to the  
9           Secretary—

10           “(A) conditions with respect to the produc-  
11           tion of tobacco that discourage improvements in  
12           the quality of tobacco produced in the United  
13           States; and

14           “(B) recommendations for regulatory  
15           changes that would address tobacco quality  
16           issues;

17           “(5) conduct oversight regarding tobacco mar-  
18           keting issues (such as opening sales dates and mar-  
19           keting regulations) applicable to auction markets;

20           “(6) provide assistance to Federal agencies on  
21           actions taken by the Federal agencies that affect the  
22           quality or quantity of tobacco produced in the  
23           United States;

24           “(7) not later than a date determined by the  
25           Secretary, make recommendations to the Secretary,

1 and the applicable Production Board established for  
2 the kind of tobacco, on the range of base years for  
3 the maximum crop acreage base under section  
4 380I(c)(3)(B), and for the maximum crop poundage  
5 base under section 380I(d)(3)(B), for each crop of  
6 each kind of tobacco, except that the range of base  
7 years shall be the crop years for the 1998 through  
8 2002 crops unless otherwise determined by the To-  
9 bacco Quality Board; and

10 “(8) carry out such other related activities as  
11 are assigned to the Tobacco Quality Board by the  
12 Secretary.

13 “(d) ADMINISTRATION.—The Secretary shall provide  
14 the Tobacco Quality Board with (as determined by the  
15 Secretary)—

16 “(1) a staff that is—

17 “(A) experienced in the sampling and anal-  
18 ysis of unmanufactured tobacco; and

19 “(B) capable of collecting data and moni-  
20 toring tobacco production information; and

21 “(2) other resources and information necessary  
22 for the Tobacco Quality Board to perform the duties  
23 of the Tobacco Quality Board under this subtitle,  
24 including—

1                   “(A) information concerning acreage de-  
2                   voted to the production of each kind of tobacco;  
3                   and

4                   “(B) international information from the  
5                   Foreign Agricultural Service.

6                   “(e) APPLICABILITY OF FEDERAL ADVISORY COM-  
7                   MITTEE ACT.—The Federal Advisory Committee Act (5  
8                   U.S.C. App.) shall not apply to the Tobacco Quality  
9                   Board.

10                  **“SEC. 380H. PRODUCTION BOARDS.**

11                  “(a) IN GENERAL.—The Secretary shall establish a  
12                  permanent advisory board for each kind of tobacco, to be  
13                  known as a ‘Production Board’.

14                  “(b) MEMBERSHIP.—

15                         “(1) IN GENERAL.—Subject to paragraph (2), a  
16                         Production Board for a kind of tobacco shall consist  
17                         of—

18                                 “(A) not more than 10 members appointed  
19                                 by the Secretary from nominations submitted  
20                                 by representatives of producers of that kind of  
21                                 tobacco in the United States; and

22                                 “(B) 1 officer or employee of the Depart-  
23                                 ment appointed by the Secretary.

24                         “(2) ALLOCATION OF MEMBERSHIP.—In ap-  
25                         pointing members to a Production Board established

1 for a kind of tobacco, the number of members ap-  
2 pointed by the Secretary to represent each State  
3 shall, to the maximum extent practicable, bear the  
4 same ratio to the total number of members of the  
5 Production Board as—

6 “(A) the total volume of domestic sales of  
7 the kind of tobacco produced in the State dur-  
8 ing the most recent period for which data is  
9 available; bears to

10 “(B) the total volume of domestic sales of  
11 the kind of tobacco produced in all States dur-  
12 ing the most recent period for which data is  
13 available.

14 “(3) CHAIRPERSON.—The Secretary shall ap-  
15 point the chairperson of a Production Board, with a  
16 different member serving as chairperson of the Pro-  
17 duction Board each term.

18 “(4) TERMS.—Each member of a Production  
19 Board shall serve for 2-year terms, except that the  
20 terms of the members first appointed to the Produc-  
21 tion Board shall be staggered so as to establish a ro-  
22 tating membership of the Production Board, as de-  
23 termined by the Secretary.

24 “(c) DUTIES.—A Production Board established for a  
25 kind of tobacco shall—

1           “(1) not later than a date determined by the  
2       Secretary, make recommendations to the Secretary  
3       on the base year, within the range of base years rec-  
4       ommended by the Tobacco Quality Board under sec-  
5       tion 380G(c)(7), for the maximum crop acreage base  
6       under section 380I(c)(3)(B) for each crop of each  
7       kind of tobacco; and

8           “(2) carry out such other related activities as  
9       are assigned to the Production Board by the Sec-  
10      retary.

11      “(d) ADMINISTRATION.—The Secretary shall provide  
12      each Production Board established for a kind of tobacco  
13      with (as determined by the Secretary)—

14           “(1) a staff that is knowledgeable about pro-  
15      duction and marketing of that kind of tobacco; and

16           “(2) other resources and information necessary  
17      for the Production Board to perform the duties of  
18      the Production Board under this subtitle, including  
19      information concerning acreage devoted to the pro-  
20      duction of each kind of tobacco.

21      “(e) APPLICABILITY OF FEDERAL ADVISORY COM-  
22      MITTEE ACT.—The Federal Advisory Committee Act (5  
23      U.S.C. App.) shall not apply to a Production Board.

1 **“SEC. 380I. TOBACCO PRODUCTION LIMITATION PRO-**  
2 **GRAMS.**

3 “(a) DEFINITIONS.—In this section:

4 “(1) CROP ACREAGE BASE.—The term ‘crop  
5 acreage base’ means the crop acreage base for a  
6 kind of tobacco for a crop for an active producer of  
7 tobacco, as determined by the Secretary.

8 “(2) CROP POUNDAGE BASE.—The term ‘crop  
9 poundage base’ means the crop poundage base for a  
10 kind of tobacco for a crop for an active producer of  
11 tobacco, as determined by the Secretary.

12 “(3) PERMITTED ACREAGE.—The term ‘per-  
13 mitted acreage’ means the number of acres that may  
14 be devoted to the production of a kind of tobacco by  
15 an active producer of tobacco, consistent with the  
16 annual acreage limitation program, as determined by  
17 the Secretary.

18 “(4) PERMITTED POUNDAGE.—The term ‘per-  
19 mitted poundage’ means the number of pounds of a  
20 kind of tobacco for a crop may be produced by an  
21 active tobacco producer, consistent with the annual  
22 poundage limitation program, as determined by the  
23 Secretary.

24 “(b) ESTABLISHMENT.—

25 “(1) IN GENERAL.—The Secretary shall estab-  
26 lish for each crop of each kind of tobacco—

1                   “(A) an acreage limitation program in ac-  
2 cordance with subsection (c); or

3                   “(B) a poundage limitation in accordance  
4 with subsection (d).

5                   “(2) CONSULTATION.—The Secretary shall  
6 carry out the acreage limitation program and the  
7 poundage limitation program for a kind of tobacco  
8 in consultation with the Tobacco Advisory Board  
9 and the applicable Production Board established for  
10 that kind of tobacco.

11                   “(3) SUPPLY.—In carrying out an acreage limi-  
12 tation program or a poundage limitation program  
13 for a crop of a kind of tobacco, the Secretary shall  
14 determine whether the total supply of that kind of  
15 tobacco, in the absence of the respective production  
16 limitation program, will be excessive, taking into ac-  
17 count the need for an adequate carryover to main-  
18 tain reasonable and stable supplies and prices.

19                   “(4) ANNOUNCEMENT.—

20                   “(A) IN GENERAL.—Except as provided in  
21 subparagraph (B), the Secretary shall announce  
22 an acreage limitation program or poundage limi-  
23 tation program for each kind of tobacco not  
24 later than December 15 of the calendar year

1 preceding the year in which the crop is har-  
2 vested.

3 “(B) SPECIAL RULE FOR 2004 CROP.—In  
4 the case of the 2004 crop for a kind of tobacco,  
5 the Secretary shall announce an acreage limita-  
6 tion program or poundage limitation for each  
7 kind of tobacco as soon as practicable after the  
8 date of the enactment of the Tobacco Market  
9 Transition Act of 2003.

10 “(c) ACREAGE LIMITATION PROGRAM.—

11 “(1) IN GENERAL.—Under an acreage limita-  
12 tion program for a crop of a kind of tobacco an-  
13 nounced under subsection (b), the limitation shall be  
14 achieved by applying a uniform percentage reduction  
15 to the crop acreage base for the kind of tobacco for  
16 the crop for active producers of that kind of tobacco  
17 in each traditional tobacco county, as determined by  
18 the Secretary.

19 “(2) CROP ACREAGE BASES.—

20 “(A) IN GENERAL.—The crop acreage base  
21 for an active producer of tobacco for a crop of  
22 each kind of tobacco shall equal the number of  
23 acres that is equal to—

24 “(i) in the case of the 2004 crop year,  
25 the average of the acreage planted and



1 considered planted by the active producer  
2 of tobacco to the kind of tobacco for har-  
3 vest in a traditional tobacco county in each  
4 of the 5 crop years preceding the crop  
5 year, as determined and adjusted by the  
6 Secretary (in consultation with the To-  
7 bacco Quality Board and the applicable  
8 Production Board); and

9 “(ii) in the case of each subsequent  
10 crop year, the number of acres planted and  
11 considered planted by the active producer  
12 of tobacco to the kind of tobacco for har-  
13 vest in a traditional tobacco county in the  
14 preceding crop year, as determined and ad-  
15 justed by the Secretary (in consultation  
16 with the Tobacco Quality Board and the  
17 applicable Production Board).

18 “(B) MAXIMUM CROP ACREAGE BASES.—

19 “(i) IN GENERAL.—The total quantity  
20 of acreage devoted to a kind of tobacco by  
21 active producers of tobacco during a crop  
22 year shall not exceed the total quantity of  
23 acreage devoted to the kind of tobacco by  
24 active producers during a crop year deter-  
25 mined by the Secretary.

1                   “(ii) ADJUSTMENT.—If the active pro-  
2                   ducers of a kind of tobacco demonstrate to  
3                   the Secretary that the application of clause  
4                   (i) to a crop of a kind of tobacco will result  
5                   in unbalanced supply and demand condi-  
6                   tions, the Secretary may adjust the total  
7                   quantity of acreage that may be devoted to  
8                   the kind of tobacco by active producers  
9                   during the crop year.

10                  “(C) SALE, LEASE, OR TRANSFER OF CROP  
11                  ACREAGE BASES.—An active producer of to-  
12                  bacco shall not sell, lease, or transfer to another  
13                  person a crop acreage base established for the  
14                  active producer of tobacco under this para-  
15                  graph.

16                  “(D) REALLOCATION OF UNUSED CROP  
17                  ACREAGE BASES.—

18                         “(i) COUNTY POOL.—If an active pro-  
19                         ducer of tobacco with a crop acreage base  
20                         for a kind of tobacco elects not to use all  
21                         or part of the crop acreage base to con-  
22                         tinue to produce that kind of tobacco, the  
23                         unused crop acreage base shall be placed  
24                         in a pool established for the traditional to-  
25                         bacco county for reallocation by the Sec-

1           retary to other producers of that kind of  
2           tobacco in the traditional tobacco county  
3           that request the crop acreage base.

4           “(ii) STATE POOL.—If any crop acre-  
5           age base for a kind of tobacco remains  
6           after the crop acreage base is made avail-  
7           able to producers of that kind of tobacco in  
8           the traditional tobacco county in a State,  
9           the unused crop acreage base shall be  
10          placed in a pool established for the State  
11          for reallocation by the Secretary to other  
12          producers of that kind of tobacco in a tra-  
13          ditional tobacco county.

14          “(iii) NEW PRODUCERS.—In reallo-  
15          cating unused crop acreage bases for a  
16          kind of tobacco in a traditional tobacco  
17          county made available under each of  
18          clauses (i) and (ii), the Secretary shall  
19          make available to any new producers of  
20          that kind of tobacco in the traditional to-  
21          bacco county up to 10 percent of the crop  
22          acreage bases available for reallocation for  
23          the kind of tobacco in the traditional to-  
24          bacco county.

25          “(d) POUNDAGE LIMITATION PROGRAM.—

1           “(1) IN GENERAL.—Under a poundage limita-  
2           tion program for a crop of a kind of tobacco, the  
3           Secretary shall achieve the limitation by applying a  
4           uniform percentage adjustment to the crop poundage  
5           base of an active producer of tobacco for the kind  
6           of tobacco in each traditional tobacco county, as de-  
7           termined by the Secretary.

8           “(2) DETERMINATION OF CROP POUNDAGE  
9           BASES.—

10           “(A) 2004 CROP YEAR.—The crop pound-  
11           age base for an active tobacco producer for the  
12           2004 crop of a kind of tobacco shall equal the  
13           average of the number of pounds of that kind  
14           of tobacco harvested by the active tobacco pro-  
15           ducer in a traditional tobacco county and mar-  
16           keted in each of the 5 crop years preceding the  
17           crop year, as determined by the Secretary.

18           “(B) SUBSEQUENT CROP YEARS.—In the  
19           case of the 2005 and subsequent crops of each  
20           kind of tobacco, the crop poundage base for an  
21           active tobacco producer of a kind of tobacco  
22           shall equal the number of pounds of that kind  
23           of tobacco harvested by the active tobacco pro-  
24           ducer in a traditional tobacco county and mar-

1 keted in the preceding crop year, as determined  
2 and adjusted by the Secretary.

3 “(3) MAXIMUM CROP POUNDAGE BASES.—

4 “(A) IN GENERAL.—The total number of  
5 pounds devoted to a kind of tobacco by active  
6 tobacco producers during a crop year shall not  
7 exceed the total number of pounds devoted to  
8 the kind of tobacco by active tobacco producers  
9 during a crop year determined by the Secretary.

10 “(B) ADJUSTMENT.—If the active tobacco  
11 producers of a kind of tobacco demonstrate to  
12 the Secretary that the application of paragraph  
13 (1) to a crop of a kind of tobacco will result in  
14 unbalanced supply and demand conditions, the  
15 Secretary may adjust the total number of  
16 pounds that may be devoted to the kind of to-  
17 bacco by active tobacco producers during the  
18 crop year.

19 “(4) SALE, LEASE, OR TRANSFER OF CROP  
20 POUNDAGE BASES.—

21 “(A) PROHIBITION.—An active producer of  
22 tobacco shall not directly or indirectly sell,  
23 lease, or transfer to another person or other  
24 legal entity a crop poundage base established

1 for an active tobacco producer under this sub-  
2 section.

3 “(B) EXCEPTION.—If the crop poundage  
4 base of an active producer of tobacco for a type  
5 of tobacco covers tobacco that was produced by  
6 the producer in more than 1 traditional tobacco  
7 county, the producer may elect to consolidate  
8 the base in a single traditional tobacco county  
9 in which the producer bore or shared in the risk  
10 of producing a crop of that kind of tobacco for  
11 the 2002 crop year.

12 “(5) REALLOCATION OF UNUSED CROP POUND-  
13 AGE BASES.—

14 “(A) COUNTY POOL.—If an active pro-  
15 ducer of tobacco with a crop poundage base for  
16 a kind of tobacco elects not to use all or part  
17 of the crop poundage base, the unused crop  
18 poundage base shall be placed in a pool estab-  
19 lished for the traditional tobacco county where  
20 the unused crop poundage base was originally  
21 located for reallocation by the Secretary to  
22 other active producers of tobacco of that kind  
23 of tobacco in the traditional tobacco county, in  
24 a manner determined by the Secretary.

1           “(B) STATE POOL.—If any crop poundage  
2           base for a kind of tobacco remains after the  
3           crop poundage base is made available to pro-  
4           ducers of that kind of tobacco in the traditional  
5           tobacco county in a State under subparagraph  
6           (A), the unused crop poundage base shall be  
7           placed in a pool established for the State for re-  
8           allocation by the Secretary to other producers  
9           of that kind of tobacco in traditional tobacco  
10          counties, in a manner determined by the Sec-  
11          retary.

12          “(C) TRADITIONAL GROWING AREA  
13          POOL.—If any crop poundage base for a kind of  
14          tobacco remains after the crop poundage base is  
15          made available to producers of that kind of to-  
16          bacco under subparagraphs (A) and (B), the  
17          unused crop poundage base shall be placed in a  
18          pool established for reallocation by the Sec-  
19          retary to other producers of that kind of to-  
20          bacco in a traditional tobacco county for that  
21          kind of tobacco.

22          “(D) NEW PRODUCERS.—In reallocating  
23          unused crop poundage bases for a kind of to-  
24          bacco in a traditional tobacco county made  
25          available under any of subparagraphs (A)

1 through (C), the Secretary shall make available  
2 to any new producers of that kind of tobacco in  
3 the traditional tobacco county up to 10 percent  
4 of the crop poundage bases available for re-  
5 allocation for the kind of tobacco in the tradi-  
6 tional tobacco county.

7 “(e) COMPLIANCE.—

8 “(1) LOANS, PURCHASES, OR PAYMENTS.—An  
9 active producer of tobacco that knowingly produces  
10 a kind of tobacco in excess of the permitted acreage  
11 or permitted poundage, as applicable, for the kind of  
12 tobacco, or violates any lease or transfer require-  
13 ments of this section, shall be ineligible for any  
14 loans, purchases, or payments for that crop of the  
15 kind of tobacco.

16 “(2) NO CARRYOVER.—An active producer of  
17 tobacco may not carry over permitted poundage or  
18 permitted acreage, as applicable, for a crop of a kind  
19 of tobacco, that is not produced by the producer, for  
20 production in a subsequent crop year.

21 “(3) PENALTIES.—

22 “(A) CRIMINAL PENALTY.—An active pro-  
23 ducer of tobacco that violates paragraph (1)  
24 shall be fined not more than \$100,000 or im-  
25 prisoned not more than 2 years, or both.



1           “(B) CIVIL PENALTY.—An active producer  
2           of tobacco that violates paragraph (2) shall be  
3           subject to a civil penalty in an amount not to  
4           exceed 2 percent of the value of the kind of to-  
5           bacco produced by the producer during the ap-  
6           plicable crop year, as determined by the Sec-  
7           retary.

8           “(C) ADDITIONAL PENALTIES.—A civil  
9           penalty under subparagraph (B) for a violation  
10          shall be in addition to any criminal penalty  
11          under subparagraph (A) for the violation.

12          “(D) JURISDICTION TO PREVENT AND RE-  
13          STRAIN VIOLATIONS.—A United States district  
14          court shall have jurisdiction to prevent and re-  
15          strain an active producer of tobacco from pro-  
16          ducing a kind of tobacco in excess of the per-  
17          mitted acreage for the kind of tobacco.

18          “(4) COMPLIANCE WITH CONSERVATION AND  
19          AGRICULTURAL REQUIREMENTS.—As a condition of  
20          the establishment of a crop acreage base or crop  
21          poundage base, as applicable, for active producers of  
22          tobacco for a crop of a kind of tobacco, the active  
23          producers of tobacco shall agree, during the crop  
24          year for which the crop acreage base or crop pound-  
25          age base is established—

1           “(A) to comply with applicable conserva-  
2           tion requirements under subtitle B of title XII  
3           of the Food Security Act of 1985 (16 U.S.C.  
4           3811 et seq.);

5           “(B) to comply with applicable wetland  
6           protection requirements under subtitle C of title  
7           XII of the Act (16 U.S.C. 3821 et seq.);

8           “(C) to use the land of the active producer  
9           of tobacco, in a quantity equal to the crop acre-  
10          age base for an agricultural or conserving use,  
11          and not for a nonagricultural commercial or in-  
12          dustrial use, as determined by the Secretary;  
13          and

14          “(D) to effectively control noxious weeds  
15          and otherwise maintain the land in accordance  
16          with sound agricultural practices, as determined  
17          by the Secretary, if the agricultural or con-  
18          serving use involves the noncultivation of any  
19          portion of the land referred to in subparagraph  
20          (C).

1       **“CHAPTER 3—TOBACCO COMMUNITY**  
2       **ECONOMIC DEVELOPMENT GRANTS**  
3       **“SEC. 3800. TOBACCO COMMUNITY ECONOMIC DEVELOP-**  
4       **MENT GRANTS.**

5       “(a) IN GENERAL.—The Secretary shall make grants  
6 to eligible States in accordance with this section to pay  
7 the cost of carrying out economic development initiatives  
8 in impacted communities.

9       “(b) APPLICATION.—To be eligible to receive pay-  
10 ments under this section, an eligible State shall prepare  
11 and submit to the Secretary an application at such time,  
12 in such manner, and containing such information as the  
13 Secretary may require, including—

14           “(1) a description of the activities that the eligi-  
15 ble State will carry out using amounts received  
16 under the grant; and

17           “(2) a description of the State department of  
18 agriculture that will administer amounts received  
19 under the grant.

20       “(c) AMOUNT OF GRANT.—From the amounts avail-  
21 able to carry out this section, the Secretary shall allot—

22           “(1) \$20,000,000 to the State of Maryland;

23           “(2) \$14,000,000 to the State of Pennsylvania;

24       and

1           “(3) \$50,000,000 to the State of South Caro-  
2       lina.

3           “(d) PAYMENTS.—An eligible State that has an ap-  
4       plication approved by the Secretary under subsection (b)  
5       shall be entitled to a payment under this section, in 5  
6       equal installments, in an amount that is equal to its allot-  
7       ment under subsection (c).

8           “(e) USE OF FUNDS.—Amounts received by an eligi-  
9       ble State under this section shall be used to carry out eco-  
10      nomic development activities in impacted communities of  
11      the eligible State, as determined by the eligible State.

12          “(f) TERMINATION DATE.—The authority provided  
13      by this section terminates on September 30, 2008.

14      **“CHAPTER 4—COMPETITIVE GRANTS FOR**  
15                           **TOBACCO RESEARCH**

16      **“SEC. 380Q. COMPETITIVE GRANTS FOR TOBACCO RE-**  
17                           **SEARCH.**

18          “(a) IN GENERAL.—Notwithstanding any other pro-  
19      vision of law, the Secretary shall make competitive grants  
20      under section 406 of the Agricultural Research, Exten-  
21      sion, and Education Reform Act of 1998 (7 U.S.C. 7626)  
22      to colleges and universities located in eligible States to  
23      conduct research—

24           “(1) to assist tobacco producers to diversify  
25      crops or implement other means to reduce or elimi-

1       nate the reliance of the producers on the production  
2       of tobacco or to promote alternative uses of tobacco  
3       or enhance the quality of tobacco produced in the  
4       United States; and

5               “(2) to foster and facilitate development, eval-  
6       uation, and implementation of economically viable  
7       new agricultural technologies and enterprises for  
8       rural communities.

9       “(b) GRANT DISTRIBUTION.—In making grants  
10      under this section, the Secretary shall provide for an equi-  
11      table distribution of the grants based on the volume of  
12      each kind of tobacco that is produced in each eligible  
13      State, as determined by the Secretary

14       “(c) TERMINATION DATE.—The authority provided  
15      by this section terminates on September 30, 2008.

## 16                       **“CHAPTER 5—FUNDING**

### 17      **“SEC. 380S. TOBACCO TRUST FUND.**

18       “(a) ESTABLISHMENT.—There is established in the  
19      Commodity Credit Corporation a revolving trust fund to  
20      be used in carrying out this subtitle (referred to in this  
21      section as the ‘Fund’), consisting of—

22               “(1) such amounts as are deposited in the  
23      Fund under subsection (b);

24               “(2) such amounts as are necessary from the  
25      Commodity Credit Corporation; and

1           “(3) any interest earned on investment of  
2           amounts in the Fund under subsection (d).

3           “(b) DEPOSITS.—Revenues from assessments col-  
4           lected under section 380T shall be deposited in the Fund.

5           “(c) EXPENDITURES.—

6           “(1) IN GENERAL.—Subject to paragraphs (2)  
7           and (3) and notwithstanding any other provision of  
8           law, in addition to any other funds that may be  
9           available, the Secretary may use from the Fund such  
10          amounts as the Secretary determines are  
11          necessary—

12                 “(A) to make payments to tobacco quota  
13                 holders and traditional producers under chapter  
14                 1;

15                 “(B) to pay necessary expenses of the To-  
16                 bacco Quality Board and Production Boards  
17                 and to carry out the acreage limitation program  
18                 under chapter 2;

19                 “(C) to make tobacco community economic  
20                 development grants under chapter 3, in an  
21                 amount equal to \$16,800,000 for each of fiscal  
22                 years 2004 through 2008;

23                 “(D) to make competitive grants for to-  
24                 bacco research under chapter 4, in an amount

1 equal to \$12,000,000 for each of fiscal years  
2 2004 through 2008;

3 “(E) to make grants to each association  
4 that has entered into a loan agreement with the  
5 Commodity Credit Corporation under section  
6 106A or 106B of the Agricultural Act of 1949  
7 (7 U.S.C. 1445–1, 1445–2) (as in effect before  
8 the effective date of this subtitle) to assist the  
9 association to transition to alternative methods  
10 of marketing tobacco in accordance with a plan  
11 approved by the Secretary, with the grants allo-  
12 cated on the basis of the proportion of tobacco  
13 marketed by each association, in an amount not  
14 to exceed \$1,000,000 for each association for  
15 each kind of tobacco for each of fiscal years  
16 2004 through 2008;

17 “(F) to make payments to appropriate to-  
18 bacco warehouse associations, as determined by  
19 the Secretary, in an amount not to exceed  
20 \$500,000 for each of fiscal years 2004 through  
21 2008;

22 “(G) to pay administrative costs incurred  
23 by the Secretary in carrying out this subtitle;  
24 and

1           “(H) to reimburse the Commodity Credit  
2           Corporation for costs incurred by the Com-  
3           modity Credit Corporation under paragraph  
4           (2).

5           “(2) EXPENDITURES BY COMMODITY CREDIT  
6           CORPORATION.—

7           “(A) IN GENERAL.—Subject to subpara-  
8           graph (B) and notwithstanding any other provi-  
9           sion of law, the Secretary shall use funds of the  
10          Commodity Credit Corporation to make pay-  
11          ments under paragraph (1).

12          “(B) REIMBURSEMENT TO COMMODITY  
13          CREDIT CORPORATION.—Not later than Janu-  
14          ary 1, 2013, the Commodity Credit Corporation  
15          shall be reimbursed in full, with interest, for all  
16          funds of the Commodity Credit Corporation ex-  
17          pended under subparagraph (A).

18          “(3) ADMINISTRATIVE EXPENSES.—

19          “(A) IN GENERAL.—An amount not to ex-  
20          ceed \$20,000,000 for each fiscal year of the  
21          amounts in the Fund shall be available to pay  
22          the administrative expenses necessary to carry  
23          out this subtitle.



1                   “(B) TERMINATION DATE.—The authority  
2                   provided by this paragraph terminates on Sep-  
3                   tember 30, 2013.

4                   “(d) INVESTMENT OF AMOUNTS.—

5                   “(1) IN GENERAL.—The Commodity Credit  
6                   Corporation shall invest such portion of the Fund as  
7                   is not, in the judgment of the Commodity Credit  
8                   Corporation, required to meet current withdrawals.

9                   “(2) INTEREST-BEARING OBLIGATIONS.—In-  
10                  vestments may be made only in interest-bearing obli-  
11                  gations of the United States.

12                  “(3) ACQUISITION OF OBLIGATIONS.—For the  
13                  purpose of investments under paragraph (1), obliga-  
14                  tions may be acquired—

15                         “(A) on original issue at the issue price; or

16                         “(B) by purchase of outstanding obliga-  
17                         tions at the market price.

18                  “(4) SALE OF OBLIGATIONS.—Any obligation  
19                  acquired by the Fund may be sold by the Com-  
20                  modity Credit Corporation at the market price.

21                  “(5) CREDITS TO FUND.—The interest on, and  
22                  the proceeds from the sale or redemption of, any ob-  
23                  ligations held in the Fund shall be credited to and  
24                  form a part of the Fund.

1       “(e) ADMINISTRATION.—In administering the Fund,  
2 the Secretary shall make payments, reimburse agencies of  
3 the Department, and accept deposits without regard to  
4 limitations on total amounts of allotments and fund trans-  
5 fers under section 11 of the Commodity Credit Corpora-  
6 tion Charter Act (15 U.S.C. 714i).

7       **“SEC. 380T. ASSESSMENTS.**

8       “(a) DEFINITION OF GROSS DOMESTIC VOLUME.—  
9 In this section, the term ‘gross domestic volume’ means  
10 the volume of tobacco products—

11               “(1) removed (as defined by section 5702 of the  
12 Internal Revenue Code of 1986); and

13               “(2) not exempt from tax under chapter 52 of  
14 the Internal Revenue Code of 1986 at the time of  
15 their removal under that chapter or the Harmonized  
16 Tariff Schedule of the United States (19 U.S.C.  
17 1202).

18       “(b) ASSESSMENTS.—The Secretary, acting through  
19 the Commodity Credit Corporation, shall impose quarterly  
20 assessments, calculated in accordance with this section, on  
21 each tobacco product manufacturer and tobacco product  
22 importer that sells tobacco products in domestic commerce  
23 in the United States.

1       “(c) TOBACCO TRUST FUND.—Assessments collected  
2 under this section shall be deposited in the Tobacco Trust  
3 Fund.

4       “(d) ASSESSMENT FOR EACH CLASS OF TOBACCO  
5 PRODUCT.—

6               “(1) ALLOCATION BY CLASS OF TOBACCO PROD-  
7 UCTS.—The percentage of the total amount to be as-  
8 sessed against, and paid by, the manufacturers and  
9 importers of each class of tobacco product in each  
10 applicable fiscal year shall be—

11                       “(A) for cigarette manufacturers and im-  
12 porters, 99.409 percent;

13                       “(B) for snuff manufacturers and import-  
14 ers, 0.428 percent;

15                       “(C) for chewing tobacco manufacturers  
16 and importers, 0.098 percent;

17                       “(D) for pipe tobacco manufacturers and  
18 importers, 0.021 percent; and

19                       “(E) for roll-your-own tobacco manufactur-  
20 ers and importers, 0.044 percent.

21               “(2) ADJUSTMENT.—The Secretary shall adjust  
22 the percentage of the total amount to be assessed  
23 against, as determined under paragraph (1), and  
24 paid by, the manufacturers and importers of each  
25 class of tobacco product in each applicable fiscal

1 year by multiplying the percentage of the total  
2 amount to be assessed, as determined under para-  
3 graph (1), by a fraction—

4 “(A) the numerator of which is the total  
5 volume of domestic sales of that class of to-  
6 bacco product during the preceding applicable  
7 fiscal year; and

8 “(B) the denominator of which is the total  
9 volume of domestic sales of that class of to-  
10 bacco product during fiscal year 2003.

11 “(3) TOTAL ASSESSMENT.—

12 “(A) IN GENERAL.—The total amount to  
13 be assessed against all manufacturers and im-  
14 porters of all classes of tobacco product in each  
15 applicable fiscal year shall be equal to the  
16 amount required to carry out this subtitle dur-  
17 ing the applicable fiscal year, as determined by  
18 the Secretary.

19 “(B) ADDITIONAL AMOUNT.—

20 “(i) IN GENERAL.—If the amount to  
21 be assessed after the application of para-  
22 graphs (1) and (2) is insufficient to carry  
23 out this subtitle during the applicable fis-  
24 cal year, the Secretary may assess such ad-  
25 ditional amount as the Secretary deter-

1 mines to be necessary to carry out this  
2 subtitle during the applicable fiscal year.

3 “(ii) ALLOCATION.—The additional  
4 amount shall be allocated to the manufac-  
5 turers and importers of each class of to-  
6 bacco product in the same manner and  
7 based on the same percentages applied in  
8 determining the total amount to be as-  
9 sessed under paragraph (1), as adjusted  
10 under paragraph (2) during the applicable  
11 fiscal year.

12 “(4) NOTIFICATION OF ASSESSMENTS.—

13 “(A) IN GENERAL.—The Secretary shall  
14 notify all manufacturers and importers of to-  
15 bacco products of the amount of the assessment  
16 for each quarterly payment period.

17 “(B) CONTENTS.—The notice for a quar-  
18 terly payment period shall describe gross do-  
19 mestic sales and market shares for the quar-  
20 terly payment period and conform with the re-  
21 quirements of subsection (i).

22 “(5) TIMING OF ASSESSMENT PAYMENTS.—

23 “(A) IN GENERAL.—Assessments shall be  
24 collected at the end of each calendar year quar-  
25 ter.

1           “(B) BASE PERIOD QUARTER.—The as-  
2           sessment for a calendar year quarter shall cor-  
3           respond to the base period quarter that ended  
4           at the end of the preceding calendar year quar-  
5           ter.

6           “(C) AMOUNTS.—Subject to subparagraph  
7           (D), beginning with the calendar quarter ending  
8           on December 31 of each applicable fiscal year,  
9           the payments over 4 calendar quarters shall be  
10          sufficient to cover—

11           “(i) the payments required under  
12           chapter 1 on November 1 of that same ap-  
13           plicable fiscal year; and

14           “(ii) other expenditures from the To-  
15           bacco Trust Fund required under section  
16           380S during the base quarter periods cor-  
17           responding to those 4 calendar quarters.

18           “(D) SPECIAL RULE.—In the case of pay-  
19           ments required under chapter 1 that are due on  
20           September 30, 2004, the assessments shall be  
21           paid on that same date and correspond to the  
22           first base period of 6 months.

23          “(e) ALLOCATION OF ASSESSMENT WITHIN EACH  
24          CLASS OF TOBACCO PRODUCT.—

1           “(1) IN GENERAL.—The assessment for each  
2       class of tobacco product shall be allocated on a pro  
3       rata basis among manufacturers and importers  
4       based on each manufacturer’s or importer’s share of  
5       gross domestic volume.

6           “(2) LIMITATION.—No manufacturer or im-  
7       porter shall be required to pay an assessment that  
8       is based on a share that is in excess of the manufac-  
9       turer’s or importer’s share of domestic volume.

10          “(f) ALLOCATION OF TOTAL ASSESSMENTS BY MAR-  
11       KET SHARE.—The amount of the assessment for each  
12       class of tobacco product to be paid by each manufacturer  
13       or importer of the class of tobacco product under sub-  
14       section (b) shall be determined for each quarterly payment  
15       period by multiplying—

16           “(1) the market share of the manufacturer or  
17       importer, as calculated with respect to that payment  
18       period, of the class of tobacco product; by

19           “(2) the total amount of the assessment for  
20       that quarterly payment period under subsection (d),  
21       for the class of tobacco product.

22          “(g) DETERMINATION OF VOLUME OF DOMESTIC  
23       SALES.—

24           “(1) IN GENERAL.—The calculation of the vol-  
25       ume of domestic sales of a class of tobacco product

1 by a manufacturer or importer, and by all manufac-  
2 turers and importers as a group, shall be made by  
3 the Secretary based on information provided by the  
4 manufacturers and importers pursuant to subsection  
5 (h), as well as any other relevant information pro-  
6 vided to or obtained by the Secretary.

7 “(2) GROSS DOMESTIC VOLUME.—The volume  
8 of domestic sales shall be calculated based on gross  
9 domestic volume.

10 “(3) MEASUREMENT.—For purposes of the cal-  
11 culations under this subsection and the certifications  
12 under subsection (h) by the Secretary, the volumes  
13 of domestic sales shall be measured by—

14 “(A) in the case of cigarettes, the numbers  
15 of cigarettes; and

16 “(B) in the case of other classes of tobacco  
17 products, in terms of number of pounds, or  
18 fraction thereof, of those products.

19 “(h) MEASUREMENT OF VOLUME OF DOMESTIC  
20 SALES.—

21 “(1) IN GENERAL.—Each manufacturer and  
22 importer of tobacco products shall submit to the  
23 Secretary a certified copy of each of the returns or  
24 forms described by paragraph (2) that are required  
25 to be filed with a Federal Government agency on the



1 same date that those returns or forms are filed, or  
2 required to be filed, with the agency.

3 “(2) RETURNS AND FORMS.—The returns and  
4 forms described by this paragraph are those returns  
5 and forms that relate to—

6 “(A) the removal of tobacco products into  
7 domestic commerce (as defined by section 5702  
8 of the Internal Revenue Code of 1986); and

9 “(B) the payment of the taxes imposed  
10 under chapter 52 of the Internal Revenue Code  
11 of 1986, including AFT Form 5000.24 and  
12 United States Customs Form 7501 under cur-  
13 rently applicable regulations.

14 “(3) PENALTIES.—

15 “(A) IN GENERAL.—Any person that  
16 knowingly fails to provide information required  
17 under this subsection or that provides false in-  
18 formation under this subsection shall be subject  
19 to the penalties described in section 1003 of  
20 title 18, United States Code.

21 “(B) ADDITIONAL CIVIL PENALTY.—In ad-  
22 dition, the Secretary may assess against the  
23 person a civil penalty in an amount not to ex-  
24 ceed 2 percent of the value of the kind of to-  
25 bacco products manufactured or imported by

1 the person during the applicable fiscal year, as  
2 determined by the Secretary.

3 “(i) ASSESSMENT NOTIFICATION; CONTENT.—

4 “(1) IN GENERAL.—The Secretary shall provide  
5 each manufacturer or importer subject to an assess-  
6 ment under subsection (b) with written notice set-  
7 ting forth the amount to be assessed against the  
8 manufacturer or importer for the applicable quar-  
9 terly period.

10 “(2) DEADLINE.—The notice for a quarterly  
11 period shall be provided not later than 30 days be-  
12 fore the date payment is due under subsection  
13 (d)(5).

14 “(3) CONTENTS.—The notice shall include the  
15 following information with respect to the quarterly  
16 period used by the Secretary in calculating the  
17 amount:

18 “(A) The total combined assessment for all  
19 manufacturers and importers of tobacco prod-  
20 ucts.

21 “(B) The total assessment with respect to  
22 the class of tobacco products manufactured or  
23 imported by the manufacturer or importer.

1           “(C) Any adjustments to the percentage  
2           allocations among the classes of tobacco prod-  
3           ucts made pursuant to subsection (d)(2).

4           “(D) The volume of gross sales of the ap-  
5           plicable class of tobacco product treated as  
6           made by the manufacturer or importer for pur-  
7           poses of calculating the manufacturer’s or im-  
8           porter’s market share under subsection (f).

9           “(E) The total volume of gross sales of the  
10          applicable class of tobacco product that the Sec-  
11          retary treated as made by all manufacturers  
12          and importers for purposes of calculating the  
13          manufacturer’s or importer’s market share  
14          under subsection (f).

15          “(F) The manufacturer’s or importer’s  
16          market share of the applicable class of tobacco  
17          product as determined by the Secretary under  
18          subsection (f).

19          “(G) The market share, as determined by  
20          the Secretary under subsection (f), of each  
21          other manufacturer and importer, for each ap-  
22          plicable class of tobacco product.

23          “(j) CHALLENGE TO ASSESSMENT.—

24          “(1) APPEAL TO SECRETARY.—A manufacturer  
25          or importer subject to this section may contest an

1       assessment imposed on the person under this section  
2       by notifying the Secretary not later than 10 business  
3       days after receiving the assessment notification re-  
4       quired by subsection (i).

5           “(2) ESCROW.—The manufacturer and im-  
6       porter may place into escrow, in accordance with  
7       rules promulgated by the Secretary, only the portion  
8       of the assessment being challenged in good faith  
9       pending final determination of the assessment under  
10      this subsection.

11          “(3) INFORMATION.—The Secretary shall by  
12      regulation establish a procedure under which a per-  
13      son contesting an assessment under this subsection  
14      may present information to the Secretary to dem-  
15      onstrate that the assessment is incorrect, including  
16      information to demonstrate the following:

17           “(A) The total combined assessment im-  
18      posed by the Secretary on all manufacturers  
19      and importers is excessive.

20           “(B) The Secretary’s allocation of the total  
21      assessment among the classes of tobacco prod-  
22      ucts is incorrect.

23           “(C) The total volume of gross domestic  
24      sales of all manufacturers and importers of the

1 relevant class of tobacco product calculated by  
2 the Secretary under subsection (f) is incorrect.

3 “(D) The level of gross domestic sales at-  
4 tributed to the person by the Secretary for pur-  
5 poses of calculating the person’s market share  
6 under subsection (f) exceeds the person’s actual  
7 domestic sales of that class of tobacco product.

8 “(E) The amount of the assessment attrib-  
9 uted to the person by the Secretary exceeds the  
10 person’s pro rata share based on the person’s  
11 share of gross domestic sales.

12 “(4) CHALLENGE.—

13 “(A) IN GENERAL.—In challenging an as-  
14 sessment under this subsection, the manufac-  
15 turer or importer may use any information that  
16 is available, including third party data on in-  
17 dustry or individual company sales volumes.

18 “(B) INCORRECT DETERMINATION.—The  
19 information may constitute evidence sufficient  
20 to establish that the Secretary’s initial deter-  
21 mination was incorrect, in which event the as-  
22 sessment shall be revised so that the manufac-  
23 turer or importer is required only to pay the  
24 amount correctly determined.

1           “(5) TIME FOR REVIEW.—Not later than 30  
2       days after receiving notice from a manufacturer or  
3       importer under paragraph (2), the Secretary shall—

4           “(A) decide whether the information pro-  
5       vided to the Secretary pursuant to that para-  
6       graph, and any other information that the Sec-  
7       retary determines, is appropriate is sufficient to  
8       establish that the original assessment was in-  
9       correct; and

10          “(B) make any revisions necessary to en-  
11       sure that each manufacturer and importer pays  
12       only its correct pro rata share of total gross do-  
13       mestic volume from all sources.

14          “(6) IMMEDIATE PAYMENT OF UNDISPUTED  
15       AMOUNTS.—The regulations promulgated by the  
16       Secretary under paragraph (2) shall provide for the  
17       immediate payment by a manufacturer or importer  
18       challenging an assessment of that portion of the as-  
19       sessment that is not in dispute.

20          “(7) JUDICIAL REVIEW.—

21          “(A) IN GENERAL.—Any manufacturer or  
22       importer aggrieved by a determination of the  
23       Secretary with respect to the amount of any as-  
24       sessment may seek review of the determination  
25       in the United States District Court for the Dis-

1           trict of Columbia or for the district in which  
2           the manufacturer or importer resides or has its  
3           principal place of business at any time following  
4           exhaustion of the administrative remedies under  
5           this subsection.

6           “(B) TIME LIMITS.—Administrative rem-  
7           edies shall be deemed exhausted if no decision  
8           by the Secretary is made within the time limits  
9           established under paragraph (5).

10          “(C) EXCESSIVE ASSESSMENTS.—The  
11          court shall restrain collection of the excessive  
12          portion of any assessment or order a refund of  
13          excessive assessments already paid, along with  
14          interest calculated at the rate prescribed in sec-  
15          tion 3717 of title 31, United States Code, if it  
16          finds that the Secretary’s determination is not  
17          supported by a preponderance of the informa-  
18          tion available to the Secretary.

19          “(8) REGULATIONS.—Not later than 180 days  
20          after the date of enactment of this subtitle, the Sec-  
21          retary shall promulgate regulations to implement  
22          this subsection (in accordance with section 301 of  
23          the Tobacco Market Transition Act of 2003).

24          “(k) USE OF QUALIFIED FINANCIAL INSTITU-  
25          TIONS.—The Secretary may use qualified financial institu-

1 tions to manage assets, make payments, and otherwise  
2 carry out this subtitle.

3 “(l) TERMINATION DATE.—The authority provided  
4 by this section terminates on September 30, 2013.

5 **“SEC. 380U. COMMODITY CREDIT CORPORATION.**

6 The Secretary shall use the funds, facilities, and au-  
7 thorities of the Commodity Credit Corporation to carry  
8 out this subtitle, to remain available until expended.

9 **“SEC. 380V. TRANSITION PROVISIONS.**

10 “(a) TOBACCO STOCKS.—

11 “(1) IN GENERAL.—To provide for the orderly  
12 disposition of quota tobacco held by an association  
13 that has entered into a loan agreement with the  
14 Commodity Credit Corporation under section 106A  
15 or 106B of the Agricultural Act of 1949 (7 U.S.C.  
16 1445–1, 1445–2) (referred to in this section as an  
17 ‘association’), loan pool stocks for each kind of to-  
18 bacco held by the association shall be disposed of in  
19 accordance with this subsection.

20 “(2) ASSOCIATIONS.—For each kind of tobacco  
21 held by an association, the proportion of loan pool  
22 stocks for each kind of tobacco held by the associa-  
23 tion that shall be transferred to the association shall  
24 be equal to—



1           “(A) the amount of funds held by the asso-  
2           ciation in the No Net Cost Tobacco Fund and  
3           the No Net Cost Tobacco Account established  
4           under sections 106A and 106B of the Agricul-  
5           tural Act of 1949 (7 U.S.C. 1445–1, 1445–2),  
6           respectively, for the kind of tobacco; divided by

7           “(B) the average list price per pound for  
8           the kind of tobacco, as determined by the Sec-  
9           retary.

10          “(3) COMMODITY CREDIT CORPORATION.—Any  
11          loan pool stocks of a kind of tobacco of an associa-  
12          tion that are not disposed of in accordance with  
13          paragraph (2) shall be—

14               “(A) transferred by the association to the  
15          Commodity Credit Corporation; and

16               “(B) disposed of in a manner determined  
17          by the Secretary.

18          “(b) NO NET COST FUNDS.—

19               “(1) IN GENERAL.—Any funds in the No Net  
20          Cost Tobacco Fund or the No Net Cost Tobacco Ac-  
21          count of an association established under sections  
22          106A and 106B of the Agricultural Act of 1949 (7  
23          U.S.C. 1445–1, 1445–2), respectively, that remain  
24          after the application of subsection (a) and sections  
25          106A and 106B of the Agricultural Act of 1949 (7

1 U.S.C. 1445, 1445–1) (as in effect before the effective date of this subtitle) shall be transferred to the  
2 association for distribution to traditional producers  
3 of tobacco in accordance with a plan approved by the  
4 Secretary.  
5

6 “(2) ASSOCIATIONS WITH NO LOAN POOL  
7 STOCKS.—In the case of an association that does not  
8 hold any loan pool stocks that are covered by sub-  
9 section (a)(2), any funds in the No Net Cost To-  
10 bacco Fund or the No Net Cost Tobacco Account of  
11 the association established under sections 106A and  
12 106B of the Agricultural Act of 1949 (7 U.S.C.  
13 1445–1, 1445–2), respectively, shall be transferred  
14 to the association for distribution to traditional pro-  
15 ducers of tobacco in accordance with a plan ap-  
16 proved by the Secretary.

17 “(c) REIMBURSEMENT TO COMMODITY CREDIT COR-  
18 PORATION.—There shall be transferred from the Tobacco  
19 Trust Fund to each No Net Cost Tobacco Fund or the  
20 No Net Cost Tobacco Account of an association estab-  
21 lished under sections 106A and 106B of the Agricultural  
22 Act of 1949 (7 U.S.C. 1445–1, 1445–2), respectively, such  
23 amounts as the Secretary determines will be adequate to  
24 reimburse the Commodity Credit Corporation for any net

1 losses that the Corporation may sustain under its loan  
2 agreements with the association.”.

3 **SEC. 202. TOBACCO INSURANCE RESEARCH AND DEVELOP-**  
4 **MENT.**

5 (a) IN GENERAL.—Section 522(b)(1) of the Federal  
6 Crop Insurance Act (7 U.S.C. 1522(b)(1)) is amended—

7 (1) by redesignating subparagraphs (A) and  
8 (B) as clauses (i) and (ii), respectively, and indent-  
9 ing appropriately;

10 (2) by striking “The Corporation” and insert-  
11 ing the following—

12 “(A) IN GENERAL.—The”; and

13 (3) by adding at the end the following:

14 “(B) TOBACCO RESEARCH AND DEVELOP-  
15 MENT.—Subject to the availability of funds  
16 under subsection (e)(5), the Corporation shall  
17 provide a payment to reimburse an applicant  
18 for research and development costs directly re-  
19 lated to a policy that is—

20 “(i) submitted to the Board and ap-  
21 proved by the Board under section 508(h)  
22 for reinsurance;

23 “(ii) if applicable, offered for sale to  
24 producers; and

1 “(iii) addresses risk in the production  
2 of tobacco.”.

3 (b) ASSESSMENTS.—Section 522(e) of the Federal  
4 Crop Insurance Act (7 U.S.C. 1522(e)) is amended by  
5 adding at the end the following:

6 “(5) TOBACCO ASSESSMENT.—

7 “(A) IN GENERAL.—Effective for each  
8 marketing year for a kind of tobacco for which  
9 a commodity-specific plan of insurance is of-  
10 fered under this Act, subject to subparagraphs  
11 (B) through (D), each producer and purchaser  
12 of that kind of tobacco shall remit to the Insur-  
13 ance Fund established under section 516(c) a  
14 nonrefundable marketing assessment in an  
15 amount determined by the Secretary pursuant  
16 to subparagraphs (B) and (C).

17 “(B) TOTAL AMOUNT.—The total amount  
18 of producer and purchaser assessments for a  
19 kind of tobacco collected under this paragraph  
20 shall be equal to the amount that is necessary  
21 to carry out subsection (b)(1)(B).

22 “(C) ADMINISTRATION.—Producer and  
23 purchaser assessments for a kind of tobacco  
24 under this paragraph—

1                   “(ii) shall be determined in such a  
2                   manner that producers and purchasers  
3                   share equally, to the maximum extent  
4                   practicable, in paying assessments required  
5                   under this paragraph; and

6                   “(ii) shall not exceed 5 cents per  
7                   pound.

8                   “(D) TERMINATION.—Effective beginning  
9                   with the 2010 crop of each kind of tobacco, the  
10                  Secretary may terminate the collection of as-  
11                  sessments for that kind of tobacco if the Sec-  
12                  retary determines that further research and de-  
13                  velopment under subsection (b)(1)(B) would not  
14                  be productive.”.

15                  (c) INSURANCE FUND.—Section 516(c)(1) of the  
16                  Federal Crop Insurance Act (7 U.S.C. 1516(c)(1)) is  
17                  amended by inserting “assessments for tobacco research  
18                  made available under section 522(e)(5),” after “under  
19                  subsection (a)(2),”.

20       **SEC. 203. CONFORMING AMENDMENTS.**

21                  Section 320B(c)(1) of the Agricultural Adjustment  
22                  Act of 1938 (7 U.S.C. 1314h(c)(1)) is amended—

23                       (1) by inserting “(A)” after “(1)”;

24                       (2) by striking “by” at the end and inserting

25                       “or”; and

1 (3) by adding at the end the following:

2 “(B) in the case of the 2003 marketing year,  
3 the price support rate for the kind of tobacco in-  
4 volved in effect under section 106 of the Agricultural  
5 Act of 1949 (7 U.S.C. 1445) at the time of the vio-  
6 lation; by”.

## 7 **TITLE III—IMPLEMENTATION**

### 8 **SEC. 301. REGULATIONS.**

9 (a) IN GENERAL.—The Secretary of Agriculture may  
10 promulgate such regulations as are necessary to imple-  
11 ment this division and the amendments made by this divi-  
12 sion.

13 (b) PROCEDURE.—The promulgation of the regula-  
14 tions and administration of this division and the amend-  
15 ments made by this division shall be made without regard  
16 to—

17 (1) the notice and comment provisions of sec-  
18 tion 553 of title 5, United States Code;

19 (2) the Statement of Policy of the Secretary of  
20 Agriculture effective July 24, 1971 (36 Fed. Reg.  
21 13804), relating to notices of proposed rulemaking  
22 and public participation in rulemaking; and

23 (3) chapter 35 of title 44, United States Code  
24 (commonly known as the “Paperwork Reduction  
25 Act”).

1       (c) CONGRESSIONAL REVIEW OF AGENCY RULE-  
2 MAKING.—In carrying out this section, the Secretary shall  
3 use the authority provided under section 808 of title 5,  
4 United States Code.

5 **SEC. 302. EFFECTIVE DATE.**

6       This division and the amendments made by this divi-  
7 sion shall apply to the 2004 and subsequent crops of each  
8 kind of tobacco.